

**U. S. DEPARTMENT OF THE INTERIOR  
Minerals Management Service**

Bond No. \_\_\_\_\_

Amount \_\_\_\_\_

Bond Type \_\_\_\_\_

Lease No. or Area \_\_\_\_\_

**OUTER CONTINENTAL SHELF MINERAL LESSEE'S AND OPERATOR'S BOND  
AND ACT OF SURETYSHIP**FROM: \_\_\_\_\_ TO: Minerals Management Service  
(Surety) U. S. Department of the InteriorFOR: \_\_\_\_\_  
(Principal)

**KNOW ALL MEN BY THESE PRESENTS**, That for good and valuable consideration \_\_\_\_\_ [if a corporation: a Corporation incorporated in the State of \_\_\_\_\_], domiciled and doing business in the State of \_\_\_\_\_, County or Parish of \_\_\_\_\_ (hereinafter "Surety"), a surety company certified by the U. S. Treasury as an acceptable surety on Federal bonds and listed in the current U. S. Treasury Circular No. 570, as a commercial surety undertaking a continuing guaranty, does hereby absolutely and unconditionally bind itself to the United States of America acting through and by the Minerals Management Service (MMS), or such other official designated by the Secretary of the Interior for this purpose, for the performance of all present and future obligations of:

\_\_\_\_\_  
(principal/lessee or operator)\_\_\_\_\_  
(mailing address)

(hereinafter "Principal") on the lease or leases described in Schedule A or hereafter acquired within the area described in Schedule A, at a cost not to exceed \$ \_\_\_\_\_. The Surety does so undertake with respect to all lease obligations, whether arising under the regulations of the Department of the Interior, or any lease, operating agreement, designation of operator or agent, storage agreement, compensatory royalty agreement, transfer of operating rights, permit, license or easement (individually and collectively referred to hereafter as "instrument"), issued, maintained or approved under any provision of the Outer Continental Shelf Lands Act, 43 U.S.C. 1331 et seq., as amended (hereinafter referred to as the "Act"), or the regulations promulgated thereunder, whereunder the Principal has the right, privilege or license to conduct operations on the Outer Continental Shelf.

The Principal, as to any lease or part of a lease for which the Principal has been designated as operator or agent, in consideration for the United States agreeing to allow it to serve as operator and agent of all parties to the lease and receive compensation therefor, agrees and binds itself to fulfill on behalf of each lessee, all the obligations for the entire leasehold and in the same manner and to the same extent as though the Principal were the lessee.

**SCHEDULE A  
DESCRIPTION OF LEASE(S) OR AREA ON THE OUTER CONTINENTAL SHELF**\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

This Bond and the Surety's obligations and liability hereunder shall remain in full force and effect until such time as this Agreement may be cancelled or otherwise terminated by the MMS by a written cancellation instrument in favor of the Surety, subject to automatic reinstatement as if no release or discharge had been granted, if at any time within six years of such cancellation any payment of the Principal(s) is rescinded or must be restored pursuant to any insolvency, bankruptcy, reorganization, or receivership, or should the representation of the Principal that it has paid its financial obligations or performed the other obligations of the lease in accordance with MMS specifications be materially false, and the MMS relied upon such representation in cancelling the instrument.

The MMS shall agree to terminate the period of liability if the parties to the instruments, their agents, heirs, successors

and assigns, fully perform the obligations under the lease or other instruments, and leave the premises in a condition acceptable to the MMS at the termination of the lease, or upon acceptance of a replacement bond.

This obligation of Surety shall be in full force and effect from the date of acceptance by an authorized officer of the United States, subject to the following provisions:

The Surety waives any right to notice of, and agrees that this bond shall take effect upon, execution and delivery to the MMS, without any notice of acceptance, and remain in full force and effect, notwithstanding:

1. An assignment, either in whole or in part, of any or all of the leases or instruments or interests therein.

2. Any modification of an instrument or obligation thereunder, whether made or effected by commitment to unit, cooperative, communitization or storage agreements; suspension of operations or production; suspensions or changes in rental, minimum royalty, or royalties; modifications of regulations or interpretations thereof; compensatory royalty agreements or payments; any mortgage, pledge or other grant of security interests in the Instruments, or otherwise.

3. The termination of any instrument covered by this bond, whether the termination is by operation of law or otherwise.

4. Any neglect or forbearance of the MMS in enforcing, as against any party to the instruments, the payment of rentals or royalties or the performance of any other covenant, condition or agreement of the lease, or giving notice of or making demand with respect to nonperformance thereof.

5. Any loss Surety may suffer by reason of any law limiting, qualifying, or discharging the Principal's obligation.

Further, the Surety agrees to remain bound under this bond as to the interests in any instrument retained by the Principal when the MMS approves the transfer of any or all of the instruments or interests therein.

In the event of any default under the leases, the Surety shall perform the obligations of the Principal upon the demand of the MMS. If the MMS decides to commence suit to enforce its rights, it may commence and prosecute any claim, suit,

action or other proceeding against the Principal and Surety, or either of them, without the necessity of joining the lessees or any other party.

In the event that there is more than one Surety for the Principal's performance as to any lease or other instrument, the Surety's obligations and liability hereunder shall be on a "solidary" or "joint and several" basis along with such other guarantors or sureties.

Unless otherwise indicated under such a written cancellation instrument, the MMS's agreement to terminate or otherwise cancel this Bond shall affect only, and shall be expressly limited to, the Surety's obligation and liability to guarantee the Principal's obligations incurred, accrued, or originated after the date of such a written cancellation instrument; with Surety remaining fully obligated and liable under this Bond for any liabilities incurred, accrued, or originated prior to the date of such cancellation instrument.

The Surety shall give prompt notice to the MMS and the Principal of any action filed alleging the insolvency or bankruptcy of the Surety or the Principal, or alleging any violations which would result in the suspension or revocation of the Surety's charter or license to do business.

The Surety's obligations and liabilities under this Bond shall be binding upon Surety's successors and assigns. Nothing herein shall be construed as permitting the assignment of the Surety's obligations without the written consent of the MMS.

Signed on this      day of      , 19      , in the State of      , in the presence of:

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name typed or printed

\_\_\_\_\_  
Address  
  
\_\_\_\_\_

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name typed or printed

\_\_\_\_\_  
Address  
  
\_\_\_\_\_

\_\_\_\_\_  
Signature of Person Executing for the Principal

\_\_\_\_\_  
Name and title printed

\_\_\_\_\_  
Business Address  
  
\_\_\_\_\_

\_\_\_\_\_  
Signature of Person Executing for the Surety

\_\_\_\_\_  
Name and title printed

\_\_\_\_\_  
Business Address  
  
\_\_\_\_\_

**Note:** The party signing for the Surety must attach a corporate resolution and power of attorney setting forth his or her authority to undertake this obligation, pursuant to the acts of the corporate board of directors and the laws of the state of its incorporation. The corporation executing this bond as Surety and the lessee or operator, if a corporation, shall each affix their corporate seals.

**Paperwork Reduction Act Statement:** The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) requires us to inform you that MMS collects this information to hold the surety libel for the obligations and liability of the principal/lessee or operator. Response to this request is required to obtain or retain a benefit. No proprietary information is collected. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. Public reporting burden for this form is estimated to average 15 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Mail Stop 4230, Minerals Management Service, Department of the Interior, 1849 C Street, NW., Washington, DC 20240; and to the Office of Information and Regulatory Affairs, Attn: Desk Officer for the Department of the Interior (OMB No. 1010-0006), Office of Management and Budget, Washington, DC 20503.

Form MMS-2028 (September 1998)  
(This form supersedes MMS-2028 version dated March 1998.)